REMARKS

Responsive to the Official Action mailed August 18, 2008, applicant has amended the claims of his application in an earnest effort to place this case in condition for allowance.

In the claims:

Claims 1-32 and 35 are pending in the application. Claims 7, 20, 21, 22, 27, 29, 30, 31, 32 and 35 are the independent claims. Claims 1-8, 10-11, 14-15, 20-22, 26-32, and 35 have been amended. Claims 9, 12-13, 16, 18-19, and 33-34 have been cancelled. New claims 36-44 have been added.

Specification

At **paragraph 2** the Office Action objects to claims 9, 12, and 26 as lacking antecedent basis in the specification.

Claim 26 has been amended to recite the claimed method in terms of the "person", the "service provider", and the "financier", these terms being clearly identified and described throughout the description, for example in Fig. 7 and the associated description at page 22 line 15 – page 26 line 10. Claims 9 and 12 has been deleted. These amendments should overcome the objections taken.

Claim objections

In **paragraph 3** claims 3-4, 21, 27, and 31-32 are objected to because of a number of formalities. These claims have been amended, and the amendments should overcome the objections taken.

In regard to claims 4, 21 and 30 the Office Action raises the issue as to whether the code is actually doing the functions referred to, or whether the functions referred to are being performed by a human with the computer merely assisting.

The claims have been amended to more clearly define the invention, and in particular to more clearly differentiate functions performed by the code. These amendments should overcome the objections taken.

Claim Rejections – 35 USC 112

In **paragraph 5** the Office Action rejects claims 9-15 under 35 USC 112, first paragraph, as failing to comply with the enablement requirement.

Claims 9, 12 and 13 have been cancelled.

Claim 9 is dependent upon claim 7, and claim 7 has been amended so that the terms "first provider" and "second provider" have been replaced by "financier" and "service provider" respectively, these terms being clearly identified and described throughout the description, for example in Fig. 7 and the associated description at page 22 line 15 – page 26 line 10.

The Applicant understands that the Office Action finds that the terms (i) "charging the person in regard to each periodic payment a charge equal to a fixed proportion of said periodic payment" and (ii) "investing a residual of the loan in an investment vehicle" are critical or essential to the practice of the invention but not included in the claims.

The Applicant notes that the description at page 30 lines 11-15 relates to how the service provider makes a profit on the disclosed arrangements. Two alternative approaches are described namely either (a) drawing a profit from the funds to be distributed from the investment 205 (see also 212 and 205 in Fig. 9), or (b) deriving profit from an administration or other charge 215 paid by the retiree. This payment 215, if this option is elected, is paid on a simple interest basis (page 30 lines 21-22). Accordingly, since there are two alternative means for the service provider to obtain a profit, neither of these alternatives is an essential feature. Accordingly, it is submitted that the feature of "charging the person in regard to each periodic payment a charge

equal to a fixed proportion of said periodic payment" is an optional and not an essential feature. Therefore this feature has been recited in new dependent claims 35-43, and not in the independent claims.

Claims 7, 10, 11, 14 and 15 have been amended, where necessary, to recite "investing a residual of the loan in an investment vehicle" in order to overcome the objections taken.

In **paragraph 7** the Office Action rejects claims 1, 3-15, 18-22, 26-32 and 35 under 35 USC 112, second paragraph, as being indefinite for failing to point out and distinctly claim the subject matter which the Applicant regards as the invention.

The objections taken in the Office Action have been attended to as set out below, taking the objections in their sequence. Claim 1 has been amended in regard to the feature "term". Claim 3 has been similarly amended. Claims 4 and 6 have been similarly amended. Claim 5 has been similarly amended. Claim 7 has been similarly amended. Claim 8 has been similarly amended. Claim 9 has been cancelled. Claims 10, 11, 14 and 15 have been amended and claims 12 and 13 have been cancelled. Claim 11 has been amended in regard to the terms objected to. Claim 12 has been cancelled. Claim 13 has been amended to more clearly define the invention. Claim 14 has been similarly amended. Claim 18 has been cancelled. Claim 19 has been cancelled, and claim 20 has been amended in regard to the term objected to. Claim 29 has been amended. Claim 21 has been amended in regard to the term objected to. Claim 22 has been amended in regard to the term objected to. Claim 26 has been amended in regard to objections to the terms "term", "third amount" and so on. Claim 27 has been amended in regard to the term objected to. Claim 30 has been amended in regard to the term objected to and the structure of the claim has been amended to more clearly recite structural features of a system. Claim 32 has been amended to more clearly recite the features associated with a computer

program product. Claim 31 has been amended in regard to the term objected to. Claim 32 has been amended in regard to the term objected to. Claim 35 has been amended in regard to the term objected to.

The Applicant believes that the above amendments should overcome the objections raised under this section of the Office Action.

In **paragraph 9** the Office Action rejects claims 6-19, 22-25, 27, 30, 32 and 35 under 35 USC 101 as being directed to non-statutory subject matter.

Accordingly, claims 6-7, 18-19, 22, 27, 30, 32 and 35 are found to be directed towards methods which are not patent-eligible under §101.

Chief Judge Michel stated, on behalf of the Court in *In Re Bernard L. Bilski and Rand A. Warsaw [US Court of Appeals for the Federal Circuit 2007-1130, Serial No. 08/833,892; decided 30 October 2008]*, (hereinafter referred to as Bilski) in regard to patent eligibility under §101, that the question to be addressed is whether a claim recites a fundamental principle and, if so, whether it would pre-empt substantially all uses of that fundamental principle if allowed.

Pre-emption of a fundamental principle

Bilski states that the Supreme Court ... has enunciated a definitive test to determine whether a process claim is tailored narrowly enough to encompass only a particular application of a fundamental principle rather than to pre-empt the principle itself. A claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.

Bilski further comments that pre-emption of all uses of a fundamental principle in all fields and pre-emption of all uses of the principle in only one field both indicate that the claim is not limited to a particular application of the principle. In contrast, a claim that is tied to a

particular machine or brings about a particular transformation of a particular article does not pre-empt all uses of a fundamental principle in any field but rather is limited to a particular use, a specific application (emphasis added). Therefore, it is not drawn to the principle in the abstract.

Claim 7 as amended, which is believed to be representative of the other claims as amended in regard to the present § 101 rejection, is directed to *A computer implemented method of transforming a proportion of the equity in property owned by a person to periodic payments to the person.* The claim recites functional steps such as *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan.*

In relation to the policy issue of whether the claimed invention is a fundamental principle, it is noted that the claim is explicitly limited to transformation of equity owned by a person in property to periodic payments to the person. This is a specific application and, it is submitted, does not wholly pre-empt other forms or methods of transformation of equity in a person's property. For example, the claimed invention does not prevent a person who has acquired equity in property (eg a house) from borrowing monies against that equity, and using those monies for another purpose.

Use of a particular machine or apparatus

Turning to the requirement that the claimed method be tied to a particular machine or apparatus, it is submitted that claim 7 as amended is clearly limited to interaction between (i) a service provider computer, (ii) a financier computer, (iii) a computer (recited implicitly) that controls "an account of the person", and (iv) a computer (recited implicitly) that controls an "investment vehicle", where each of these computers is programmed with a specific software application directed to the claimed invention. These computers are essential to the claimed

method and, it is submitted, being programmed to perform specific and pre-defined operations, constitute a particular machine or apparatus.

Transforming a particular article

Finally, turning to the requirement that the claimed method must transform a particular article into a different state or thing, claim 7 as amended is directed to *transforming a proportion of the equity in property owned by a person to periodic payments to the person.* Bilski states that the transformation must be central to the purpose of the claimed process, and clearly the transformation of the equity in the property to the periodic payments to the person who owns the property is not only central to the claimed process – it is the overarching purpose of the claimed method.

Bilski makes the point that the transformation test requires clarification of what sorts of things constitute "articles" such that their transformation is sufficient to impart patent-eligibility under § 101. Bilski comments that it is virtually self-evident that a process for a chemical or physical transformation of physical objects or substances is patent-eligible subject matter.

The Applicant submits that the subject matter of the present claim 7 as amended is concerned with the transformation of money in one form (ie. *equity in property owned by a person*) to money in another form (ie *periodic payments* (effectively cash) *to the person*). This is a transformation that results in a physical thing, being money or cash that can be used for various (other) purposes.

In conclusion, it is submitted that claim 7 as amended recites a method which (i) is tailored narrowly enough to encompass only a particular application of a fundamental principle rather than pre-empting the principle itself, (ii) is tied to a particular machine or apparatus, and (iii) transforms a particular article into a different state or thing.

Accordingly, it is submitted that the amendments made to claim 7 overcome the present rejection under § 101, as do the amendments made to the other claims objected to in this section.

Turning to other specific objections in this section, it is noted that claims 30 and 32 have been amended in regard to the terms objected to.

In **paragraph 11** the Office Action rejects claims 1-2 and 4-8 under 35 USC 103(a) as being unpatentable over US 5,689,649 (Altman) in view of US 2003/0154161 (Stahl), and further in view of Official Notice.

In the first instance it is noted that claims 1, and 4-6 have been amended to depend upon claims 7 and 22.

Altman

Altman is concerned with combining desirable features of a mortgage loan, a home equity loan, and an ongoing savings plan, all from the same borrower (column 1 lines 9-14). In particular, Altman describes a method involving (i) obtaining a mortgage, (ii) creating an accelerated payment schedule so that the principal would be repaid within a shorter time than the predetermined term of the mortgage, (iii) applying the difference between the accelerated payments and non-accelerated payments as a source of equity, (iv) providing an equity loan against the (aforementioned) source of equity, and (v) applying the (equity) loan to generate an investment vehicle (column 2 lines 20-29). Thus, amounts placed in the investment vehicle increase in value over the term of the mortgage while the equity loan and mortgage principal are repaid to the lending institution by the end of the term of the mortgage (column 2 lines 29-33).

Altman states that the investment vehicle increases over the predetermined term of the mortgage while the equity loan and mortgage principal are repaid by the end of the

predetermined term of the mortgage (column 2 lines 58-61). In other words, after the complete term of the mortgage is completed the mortgage is paid, the home equity loan is paid, and a sizable nest-egg, over and above the mortgage property has been created and is available to the homeowner in an IRA account (column 3 lines 59-65). One of the benefits stated for the described arrangement is the "largest accumulation of wealth" (column 4 line 10). Altman is thus primarily interested in the "accumulation" of wealth, as alluded to in a number of places such as column 5 line 60 – column 6 line 13, and column 6 lines 43-50.

Altman makes reference to a "constant interest rate" at column 6 line 60, however the interest rate described in Altman is the normally accepted compound type of interest. This can be seen by considering, for example, Table 1 which is the top table in column 3 of Altman. Although the table does not explicitly show the periodic payment being made, the column entitled "Interest" shows how interest represents a decreasing proportion of that periodic payment. This is typical of the normal compound interest model. It is submitted that Altman does not disclose or suggest the use of simple interest.

In contrast, considering claim 7 as amended of the present application, the claim recites, among other features, *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier.* This can be seen by referring, for example, to column F in Fig. 11 and the associated description at page 36 lines 1-2. The aforementioned extracts describe how the service provider makes a simple interest payment (having a rate in this example of 4.67% as shown in cell B4 of Fig. 11) of $21,015 each year.

As noted above Altman uses conventional compound interest, and neither discloses nor suggests *periodically directing, by the service provider computer to the financier computer, an*

interest payment determined on a simple interest basis to the financier to thereby repay the loan.

Furthermore, claim 7 as amended recites *executing, by the service provider computer, a single agreement with the person, said agreement being in the form of a comprehensive financial instrument; and only if said single agreement has been executed, performing the following steps.* This is supported for example by Fig. 10 step 508 and the supporting description at page 33 lines 12-15. Altman neither discloses nor suggests this feature, which is an extremely advantageous feature from a practical perspective, enabling a person to minimise the number of distinct parties that he needs to contract with in order to obtain the benefits of the claimed approach.

Claim 7 as amended further recites that the loan obtained from the financier is *100% capital guaranteed by the service provider*, this being supported by the description at page 50 lines 13-15. Altman neither discloses nor suggests this feature.

Claim 7 as amended further recites that the periodic payments are *subject to a minimum income guarantee underwritten by the service provider* this being supported by the description at page 50 lines 15-16. Altman neither discloses nor suggests this feature.
Furthermore, claim 7 as amended further recites that the periodic payments are *reversionary in the event of the persons death and thus 100% payable for the loan term to a named beneficiary* this being supported by the description at page 55 lines 1-3. Altman neither discloses nor suggests this feature.

In conclusion, Altman neither discloses nor suggests *A computer based method of transforming a proportion of the equity in property owned by a person to periodic payments to the person* **NOR** *executing, by the service provider computer, a single agreement with the*

person, said agreement being in the form of a comprehensive financial instrument; and only if said single agreement has been executed, performing the following steps **NOR** *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan* ***NOR*** said loan being *100% capital guaranteed by the service provider* **NOR** said periodic payments being *subject to a minimum income guarantee underwritten by the service provider* **NOR** said periodic payments being *reversionary in the event of the persons death and thus 100% payable for the loan term to a named beneficiary.*

For at least the reasons noted, claim 7 as amended is novel over Altman, as are the other claims, which have been amended to recite the same or equivalent features to claim 7 as amended.

Stahl

The Office Action concedes that Altman does not teach "making a periodic payment from the residual of the loan wherein the principal value of the loan becomes due for repayment at the end of the term" and makes reference to Stahl in this regard.

Stahl is concerned with use of a single premium annuity to satisfy the payments due on an equity loan granted to a borrower. The present invention is useful primarily for lending to borrowing homeowners based on equity in their home where no preexisting mortgages are outstanding against their homes [0001].

The described method involves (i) determining the equity in a borrower's home, (ii) if the loan-to-value ratio is below a certain threshold, granting a loan, (iii) establishing an escrow account, and (iv) using the proceeds of the loan to purchase a commercial annuity. (v) The proceeds of the commercial annuity in turn are used to satisfy the monthly payments on the home equity loan (presumable the "loan" referred to in all the steps in this paragraph refer to the same "home equity loan"). Moreover, (vi) current and future debts of the borrower can also be satisfied by way of the proceeds of the loan [0010].

The underlying presumption in Stahl is that the yield of the annuity is sufficiently greater than the interest payable on the loan in order for the annuity to provide proceeds sufficient to make (i) payments on the loan, as well as (ii) insurance and (iii) taxes [0017].

n effect, referring to Fig. 2 and the associated description in Stahl, it is clear that Stahl enables a person to obtain a loan on the basis of a predetermined loan-to-value ratio which establishes a certain amount of equity in the property (step 202 and [0017]), to purchase an annuity with the loan (step 212 and [0019]), and to use the annuity for various purposes including payment of debts, utility bills and so on (step 214 and [0019]). At expiry of the term of

the annuity the borrower may repeat the cycle provided that the loan-to-value ratio can again be satisfied (step 220, [0021]).

In the first instance, it is not clear how Stahl can be combined with Altman. To explain, as noted Altman is concerned with accumulation of wealth, not with transforming that wealth from one form (ie equity in a property) to another form (ie periodic payments). Stahl on the other hand is concerned with using equity accumulated in property to pay off debts. It is not clear how Altman can be modified with the teaching of Stahl as the citations deal with completely different things.

Furthermore, there is only one explicit reference to "interest" in Stahl at [0002]. Stahl describes repayment of the loan (step 216 and [0020]), however there are no details provided. In particular, there is no disclosure or suggestion of *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan.*

Furthermore, there do not appear to be disclosures in Stahl in regard to the other features referred to above.

Establishment of a prima facie case of obviousness requires that the prior art references when combined must teach or suggest all the claim limitations. Even supposing that Altman were to be modified by somehow incorporating the teachings of Stahl and Official Notice, this would still not teach or suggest *A computer based method of transforming a proportion of the equity in property owned by a person to periodic payments to the person* **NOR** *executing, by the service provider computer, a single agreement with the person, said agreement being in the form of a comprehensive financial instrument; and only if said single agreement has been executed, performing the following steps* **NOR** *periodically directing, by the service provider*

computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan ***NOR*** said loan being *100% capital guaranteed by the service provider* **NOR** said periodic payments being *subject to a minimum income guarantee underwritten by the service provider* **NOR** said periodic payments being *reversionary in the event of the persons death and thus 100% payable for the loan term to a named beneficiary.*

Therefore, it is submitted, for at least the reasons noted, that (i) it is improper to combine Altman and Stahl for the present rejection and (ii) even if combined, the citations do not disclose or suggest the noted features of claim 7 as amended, whether the references are considered alone or in combination. This submission also applies, for at least the reasons noted, to claims 1-2 and 4-8. Accordingly it is submitted that claims1-2 and 4-8 are patentable over the noted references, whether the references are considered alone or in combination.

In **paragraph 12** the Office Action rejects claim 3 under 35 USC 103(a) as being unpatentable over Altman in view of Stahl in view of Official Notice, and further in view of US 2002/0184129 (Arena).

Again it is noted that claim 3 which depends upon claim 1 now depends, though amendment, upon claims 7 and 22.

The Office Action concedes that Altman and Stahl do not teach the features recited in claim 3, and refers to Arena in this regard.

However, Arena does not appear to disclose or suggest *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan.*

Furthermore, there do not appear to be disclosures in Stahl in regard to the other features referred to above.

Establishment of a prima facie case of obviousness requires that the prior art references when combined must teach or suggest all the claim limitations. Even supposing that Altman were to be modified by somehow incorporating the teachings of Stahl , Official Notice and Arena, this would still not teach or suggest *A computer based method of transforming a proportion of the equity in property owned by a person to periodic payments to the person* **NOR** *executing, by the service provider computer, a single agreement with the person, said agreement being in the form of a comprehensive financial instrument; and only if said single agreement has been executed, performing the following steps* **NOR** *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan* ***NOR*** said loan being *100% capital guaranteed by the service provider* **NOR** said periodic payments being *subject to a minimum income guarantee underwritten by the service provider* **NOR** said periodic payments being *reversionary in the event of the persons death and thus 100% payable for the loan term to a named beneficiary.*

Therefore, it is submitted, for at least the reasons noted, that the citations do not disclose or suggest the noted features of claim 3 as amended, whether the references are considered alone or in combination. Accordingly it is submitted that claim 3 is patentable over the noted references, whether the references are considered alone or in combination.

In **paragraph 13** the Office Action rejects claims 18-21 and 27-32 under 35 USC 103(a) as being unpatentable over Altman in view of Official Notice, and further in view of Arena.

Claims 18-19 have been cancelled. The other claims recite the same or equivalent features to those referred to above in regard to claim 7 as amended. Establishment of a prima facie case of obviousness requires that the prior art references when combined must teach or

suggest all the claim limitations. Even supposing that Altman were to be modified by somehow incorporating the teachings of Arena and Official Notice, this would still not teach or suggest *A computer based method of transforming a proportion of the equity in property owned by a person to periodic payments to the person* **NOR** *executing, by the service provider computer, a single agreement with the person, said agreement being in the form of a comprehensive financial instrument; and only if said single agreement has been executed, performing the following steps* **NOR** *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan* ***NOR*** said loan being *100% capital guaranteed by the service provider* **NOR** said periodic payments being *subject to a minimum income guarantee underwritten by the service provider* **NOR** said periodic payments being *reversionary in the event of the persons death and thus 100% payable for the loan term to a named beneficiary.*

Therefore, it is submitted, for at least the reasons noted, that the citations do not disclose or suggest the noted features of claims 18-21 and 27-32 as amended, whether the references are considered alone or in combination. Accordingly it is submitted that claims 18-21 and 27-32 are patentable over the noted references, whether the references are considered alone or in combination.

In **paragraph 14** the Office Action rejects claims 22 and 24-25 under 35 USC 103(a) as being unpatentable over Altman in view of Official Notice.

Claims 22 and 24-25 recite the same or equivalent features to those referred to above in regard to claim 7 as amended. Establishment of a prima facie case of obviousness requires that the prior art references when combined must teach or suggest all the claim limitations. Even supposing that Altman were to be modified by incorporating the teachings of Official Notice, this

would still not teach or suggest *A computer based method of transforming a proportion of the equity in property owned by a person to periodic payments to the person* **NOR** *executing, by the service provider computer, a single agreement with the person, said agreement being in the form of a comprehensive financial instrument; and only if said single agreement has been executed, performing the following steps* **NOR** *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan* ***NOR*** said loan being *100% capital guaranteed by the service provider* **NOR** said periodic payments being *subject to a minimum income guarantee underwritten by the service provider* **NOR** said periodic payments being *reversionary in the event of the persons death and thus 100% payable for the loan term to a named beneficiary.*

Therefore, it is submitted, for at least the reasons noted, that the citations do not disclose or suggest the noted features of claims 22 and 24-25 as amended, whether the references are considered alone or in combination. Accordingly it is submitted that claims 22 and 24-25 are patentable over the noted references, whether the references are considered alone or in combination.

In **paragraph 15** the Office Action rejects claims 23, 26 and 35 under 35 USC 103(a) as being unpatentable over Altman in view of Official Notice and in view of WAMU.com.
The Applicant understands that the WAMU document referred to in the Official Notice is the paper document sent to the Applicant with the Official Action.

Claims 23, 26 and 35 recite the same or equivalent features to those referred to above in regard to claim 7 as amended. Establishment of a prima facie case of obviousness requires that the prior art references when combined must teach or suggest all the claim limitations. Even supposing that Altman were to be modified by incorporating the teachings of Official Notice and

WAMU, this would still not teach or suggest *A computer based method of transforming a proportion of the equity in property owned by a person to periodic payments to the person* **NOR** *executing, by the service provider computer, a single agreement with the person, said agreement being in the form of a comprehensive financial instrument; and only if said single agreement has been executed, performing the following steps* **NOR** *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan* ***NOR*** said loan being *100% capital guaranteed by the service provider* **NOR** said periodic payments being *subject to a minimum income guarantee underwritten by the service provider* **NOR** said periodic payments being *reversionary in the event of the persons death and thus 100% payable for the loan term to a named beneficiary.*

Therefore, it is submitted, for at least the reasons noted, that the citations do not disclose or suggest the noted features of claims 23, 26 and 35 as amended, whether the references are considered alone or in combination. Accordingly it is submitted that claims 23, 26 and 35 are patentable over the noted references, whether the references are considered alone or in combination.

In **paragraph 16** the Office Action rejects claims 9-10 and 15-17 under 35 USC 103(a) as being unpatentable over Altman in view of Stahl and Official Notice and in view of WAMU.com.

Claims 9 and 16 have been cancelled. Claims 10, 15, and 17 recite the same or equivalent features to those referred to above in regard to claim 7 as amended. Establishment of a prima facie case of obviousness requires that the prior art references when combined must teach or suggest all the claim limitations. Even supposing that Altman were to be modified by

incorporating the teachings of Stahl, Official Notice and WAMU, this would still not teach or suggest *A computer based method of transforming a proportion of the equity in property owned by a person to periodic payments to the person* **NOR** *executing, by the service provider computer, a single agreement with the person, said agreement being in the form of a comprehensive financial instrument; and only if said single agreement has been executed, performing the following steps* **NOR** *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan* ***NOR*** said loan being *100% capital guaranteed by the service provider* **NOR** said periodic payments being *subject to a minimum income guarantee underwritten by the service provider* **NOR** said periodic payments being *reversionary in the event of the persons death and thus 100% payable for the loan term to a named beneficiary.*

Therefore, it is submitted, for at least the reasons noted, that the citations do not disclose or suggest the noted features of claims 10, 15 and 17 as amended, whether the references are considered alone or in combination. Accordingly it is submitted that claims 10, 15, and 17 are patentable over the noted references, whether the references are considered alone or in combination.

In **paragraph 17** the Office Action rejects claims 11-14 under 35 USC 103(a) as being unpatentable over Altman in view of Stahl and Official Notice and in view of WAMU.com and further in view of US 2005/0262002 (Manning).

Manning is concerned with a process, system and financial engine which determine a portfolio's sensitivity to market risk based on market conditions (Abstract) and appears to be completely silent in regard to methods of charging interest, repayment of loans and so on.

Claims 12-13 have been cancelled. Claims 11 and 14 recite the same or equivalent features to those referred to above in regard to claim 7 as amended. Establishment of a prima facie case of obviousness requires that the prior art references when combined must teach or suggest all the claim limitations. Even supposing that Altman were to be modified by incorporating the teachings of Stahl, Official Notice, WAMU and Manning, this would still not teach or suggest *A computer based method of transforming a proportion of the equity in property owned by a person to periodic payments to the person* **NOR** *executing, by the service provider computer, a single agreement with the person, said agreement being in the form of a comprehensive financial instrument; and only if said single agreement has been executed, performing the following steps* **NOR** *periodically directing, by the service provider computer to the financier computer, an interest payment determined on a simple interest basis to the financier to thereby repay the loan* ***NOR*** said loan being *100% capital guaranteed by the service provider* **NOR** said periodic payments being *subject to a minimum income guarantee underwritten by the service provider* **NOR** said periodic payments being *reversionary in the event of the persons death and thus 100% payable for the loan term to a named beneficiary.*

Therefore, it is submitted, for at least the reasons noted, that the citations do not disclose or suggest the noted features of claims 11 and 14 as amended, whether the references are considered alone or in combination. Accordingly it is submitted that claims 11 and 14 are patentable over the noted references, whether the references are considered alone or in combination.

In view of the foregoing, formal allowance of claims 1-8, 12-15, 17, 20-32, and 35-44 are believed to be in order and is respectfully solicited. Should the Examiner wish to speak with applicant's attorneys, they may be reached at the number indicated below.

The Commissioner is hereby authorized to charge any additional fees which may be required in connection with this submission to Deposit Account No. 23-0785.

Respectfully submitted,

By _____
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